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SUBJECT: DOMINICAN POLITICS #13: PRESIDENT FERNANDEZ AND
HIS NATIONAL DAY SPEECH

[1](#)1. (SBU) This is #13 in our current series on politics in the
Dominican Republic:

Leonel Fernandez and the February 27 National Day Speech

Leonel Fernandez was addressing the nation live, on national
television on a Sunday morning amid pageantry at the newly
redecorated Senate chamber. The speech lasted one hour and
8 minutes. He received polite applause 14 times but the only
enthusiastic, standing ovation came toward the end when he
vowed to take measures to fight crime.

We have been told that Leonel Fernandez writes his own
speeches, and this text bears that out.

He demonstrated his familiar fluent erudition, discoursing
for almost half of the speech on "economic indicators" (the
quotes around the term appear in the text). He quoted twice
from the bond market newsletter of Bear Stearns, twice from
U.S. professor Jeremy Rifkin on the "digital divide" and once
from Keynes on the difficulty of overcoming "old ideas."

The central message was unmistakably aimed at the capital
markets, investors and the sophisticated private sector -- so
much so that Fernandez half apologized for it: "I realize
that these are very complicated technical terms, difficult
for most people to understand, but since they are so vital
for the proper conduct of our economy, the Dominican people
need to listen to them and to understand the immense effort
underway in the government to overcome our national problems."

One very clear point in that regard: Fernandez and his team
are determined to keep monetary policy tight so as to
maintain the Dominican peso at its current overvalued
exchange rate. Fernandez simply denied that the peso is too
expensive: "Although some see the problem of manufacturing as
a loss of competitiveness due to peso appreciation, the truth
is that the phenomenon is much more complex. For this
administration, there is no dilemma of choosing between
competitiveness and an equilibrium rate of exchange. Both
are dynamic concepts." That leaves no prospect of
exchange rate relief for the country's two leading sectors -
- apparel manufacturing for export and tourism.

His endorsement of the "free trade agreement with the United
States" was a bloodless one offered in the context of a
discussion of the mechanisms of adjustment to the pressures
of globalization.

He said not a word about foreign affairs- -) about Haiti,
for example, or about international narcotics trafficking.
There was no mention of the Dominican military.

Though he spoke about making government work better, he did
not speak about corruption (in contrast to his inaugural
address, when he maintained that there would be "no clean
slates" for those who engaged in corruption). Only in his
list of measures for improving the police force was there a
passing reference, in the promise of an effective Internal
Affairs Division to investigate police malfeasance.

Fernandez did not discuss domestic politics and in fact did
not link the financial and economic crisis with any
individual or group. The ability of his administration and
party to govern is a concern of many. In the days immediately
before the speech, the opposition-dominated Senate had
suspended all action on special session legislation required
for the IMF agreement. As a price for agreeing to resume,
the senators demanded successfully that the administration
reverse politically connected firings of government
employees. In the opening address of the National Day
session Senate President Andres Bautista reproached the
administration directly on that issue.

Fernandez's most vivid images came from the opening

portrayal of the Dominican Republic as a dangerously ill patient, just released from the emergency room but still in guarded condition - - and recovering, thanks to the "tourniquet" applied by the administration to its nearly lifeless body.

Those images stood in strong contrast to his peroration in favor of the Metro project, a huge and potentially costly undertaking prepared in obscurity over the past six months. Fernandez acknowledged that the debate was still underway ("and I value all opinions") and proposed a comparison to FDR,s New Deal and to France,s decision to construct the Eiffel Tower. It was a weak argument. Neither is apt for the deliberately underestimated, technically questionable project. Dominican engineer Hamlet Hermann offered El Caribe a better comparison the next day: Balaguer,s Columbus Lighthouse, the huge, useless and costly white elephant built in 1992. Dominicans remember that project well; Hermann didn,t need to mention the mismanagement, malfeasance and corruption involved with that project.

12. (U) Drafted by Michael Meigs.

13. (U) This piece and others in our series can be consulted on our classified SIPRNET site <http://www.state.sgov.gov/p/wha/santodomingo/> along with extensive other material.
MARSHALL